

From: ABHAY PADGAONKAR
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Re: Public Comments for Dockets E-00000A-19-0128 and RU-00000A-19-0132

To reduce shutoffs, the Commission must reduce prices, establish a low temperature limit, and set a high delinquency balance threshold.

A recent filing¹ by Tucson Electric Power (TEP) and UNS Electric, Inc. (UNS), both investor-owned and part of Canada-based Fortis, Inc., sheds light on a strong linkage between electric prices and summer shutoffs. The higher the utility's price, the higher its summer shutoffs.

TEP's moratorium shutoff rate is 58% higher than UNS's shutoff rate.

TEP reported that 7,645 residential customers would have been eligible for disconnection because of the shutoff moratorium from July-September 2019, amounting to **2%** of TEP's customers based on 384,021 residential customers in TEP's 2018 Annual Report² to the Commission. By contrast, UNS reported that 1,079 residential customers, or only **1.26%** of its customers, would have been eligible for disconnection for the same period based on 85,644 residential customers in UNS's 2018 Annual Report³.

Why the big difference? TEP's price is 25% higher than UNS's price.

- Lower Delinquency Threshold: TEP had a higher shutoff rate *even though* TEP used \$300 or more as delinquency balance threshold whereas UNS used a much lower threshold of only \$100 or more.
- Higher Consumption: And TEP had a higher shutoff rate *even though* UNS customers have 7% higher annual kWh consumption, based on the EIA data⁴.

A lower delinquency threshold and higher consumption should have disadvantaged UNS with respect to shutoffs, but a major factor in UNS's favor was its much lower price leading to proportionately lower bills: TEP's price in 2018 (12.58 cents per kWh) was **25%** higher than UNS's price (10.04 cents per kWh).

APS has reported shutoff data in a different format⁵ so a similar comparison is not possible. However, APS's residential price of 14.16 cents per kWh was **13%** higher than TEP's and **41%** higher than UNS's price. It should not come as a surprise then that APS's shutoff rate in 2018 was reported to be about three times higher than even TEP's.⁶ The 99,308 delinquent accounts that APS reported as of September 23, 2019 as a result of the moratorium, accounted for 9% of its residential customer base.

Bottom Line

Higher prices are the main culprit that the Commission must reduce to make Arizonans less vulnerable to shutoff-related illness, homelessness, bankruptcy, and death. In the meantime, the Commission must also establish a low temperature limit and a high delinquency balance threshold across all its regulated utilities to minimize shutoffs and its ill effects.

¹ <https://docket.images.azcc.gov/E000003267.pdf>

² https://www.azcc.gov/docs/default-source/utilities-files/electric/annual-reports/tucson-electric-power-company/2018.pdf?sfvrsn=36843f02_2

³ https://www.azcc.gov/docs/default-source/utilities-files/electric/annual-reports/uns-electric-inc/2018.pdf?sfvrsn=d825ee7a_2

⁴ https://www.eia.gov/electricity/sales_revenue_price/

⁵ <https://docket.images.azcc.gov/E000003247.pdf>

⁶ https://tucson.com/news/tucson-electric-shut-off-customers-k-times-in-documents-say/article_b00bcf55-7163-5680-b2ec-9a37e05f7778.html